

From an Industrial Management Firm. In our opinion and that of our clients, the Supreme Court decision upholding the Federal Trade Commission against the Cement Institute in forbidding the use of a basing-point system of price quotations is very BAD. This ruling will tend to foster the very monopolistic tendencies that it is trying to combat. In our opinion the enforcement and probable extension of this ruling to other lines will bring:

1. Smaller market areas with a strong tendency toward monopoly for the local producer.

2. Higher unit manufacturing costs for all producers due to curtailed production naturally following reduced market areas.

3. Injury to the welfare of the general public through higher average prices to the ultimate consumer.

4. Injury to thousands of investors.

In our opinion, the so-called penalty paid under a basing-point system of pricing by consumers in the locale of the manufacturer will be found in the long

run to be less than the penalty that will be paid because of the inevitable higher unit manufacturing costs following the reduction in market. The general public is, in the final analysis, the end consumer of all industrial activity. Any ruling which will tend to foster monopoly and increase the average price level is injurious to the welfare of the general public and should be immediately corrected.

From a Paper Wholesaler. As to our own jobbing business in the Inland Empire, it is our opinion that such a proposed change would be detrimental to our business. Such a change would affect many lines which we handle and we would not like to see the change put into effect. We believe that this change would tend to give manufacturers a monopoly in their territory, would lessen competition, and perhaps take away some of the incentive for factories to do research work continually to improve their product to keep ahead of competition.



Railroads and Roads in the Development of the North Country...

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Editor's Note: An address presented on November 15, 1948, at the 20th General Conference of the Pacific Northwest Trade Association at Portland, Oregon.

MY SUBJECT deals with what may be called the "Inland Communications of the North." I can speak with authority only for Alaska, but this will undoubtedly illustrate the case for adjacent regions. From a communications angle, northwest Canada has a close relationship to Alaska. By "inland communications" is meant roads and railroads. Inland communications are never simple. They don't "just grow"; they have to be built, often at great expense. They have to be maintained and they have to be operated.

In 1928 I was in a restaurant in Juneau when 2 young fellows seated next to me began a conversation about transportation in Alaska. "How do you go from Juneau to Fairbanks? By bus?" asked one. This was quite a joke in 1928 when 600 miles of water intervened, but it is no longer a joke. It is now practicable to go from Haines, near Juneau, to Fairbanks by bus over the Alaska Highway; in fact, regular bus services have operated over this route for the last year or so. Inland communications in the form of roads have revolutionized Alaska life.

HISTORICAL BACKGROUND

It might be useful to review the history of inland communications in Alaska. Prior to 1904

there was almost no way of penetrating into the interior other than by water. The White Pass and Yukon Railroad was built connecting the tidewater port of Skagway in southeastern Alaska with the head of navigation on the Yukon at Whitehorse. From there, boats could descend the Yukon River system all the way to its mouth. Similarly, from Fort Michael, near the mouth of the Yukon, boats could ascend that mighty river and it was by these means that the original mining camps and settlements in the interior of Alaska were settled and supplied.

In 1904 a railroad was started out of Valdez. This was financed by a private company and designed to connect the southern coast with the great copper deposits of the Kennecott region. Owing to right-of-way difficulties, the railroad terminus was shifted to Cordova, and it was built 195 miles long from there up the Copper River to Chitina and thence to Kennecott. This railroad was one of the engineering marvels of the world.

In 1905 a Board of Road Commissioners was formed, composed of army officers. Originally meeting in Skagway and Haines, the Board soon established its headquarters at Valdez and

commenced a wagon road from Valdez into the interior. Brigadier General Wilds P. Richardson, the first president of the Board of Road Commissioners, was instrumental in completing the first road from the south coast into the interior which was later named after him—the Richardson Highway.

Soon after this the construction of a railroad into the interior was commenced out of Seward. This railroad, the Alaska Northern, was constructed for 78 miles by private capital as far as Kern Creek on Turnagain Arm, when the building agency ran out of funds and construction was suspended, although operation continued. This railroad was finally purchased by the federal government and became the Alaska Railroad, which was completed in 1923 from Seward, by way of Anchorage, to the settlements in the Tanana Valley. Fairbanks became the north terminus of the line. Competition, which still exists, commenced between the Alaska Railroad and the Richardson Highway. The fact is that there is not enough business at present in the interior of Alaska to make the railroad profitable except when it carries large quantities of government freight, such as was the case during the last war. Competition of the Richardson Highway in summer naturally cuts down on the business available to the railroad.

The competition of railroads and roads in Alaska should be viewed in the light of the need for development of a pioneer country. It was as an instrument of development that the Alaska Railroad was built and it cannot be expected to pay a monetary net return until the population increases and the resources are developed.

In the development of a balanced economy, agriculture must be present. Alaska does have definite possibilities for agriculture, but they are limited in area and must be developed with some degree of circumspection. There are several valleys, notably the Matanuska and the Tanana, as well as the western part of the Kenai Peninsula, which present definite opportunities for agriculture. Alaska, to stand alone and to be a balanced economic unit, must have manufactures as well as agriculture. I hope that no man-made impediments will be placed in the way of the development of Alaskan manufactures, or in the development of Alaskan markets for Alaskan products.

EFFECTS OF THE WAR

With the coming of World War II there was a complete change in the military conceptions of Alaska. The attack upon the Territory by

the Japanese proved its vulnerability, and the development of aircraft proved the necessity of using it as an air base. The war resulted in the building of the Alaska Highway to connect Alaska, by way of Canada, with the United States. This road was built as a cooperative activity by the United States and Canadian governments. The building of this road which connects the Richardson Highway with the United States was accompanied by the construction of another road, the Glenn Highway, extending to Anchorage. All of these roads were improved to good gravel standard with permanent bridges and good alignment. The construction of these roads alone advanced Alaska inland communications by at least a generation.

The war also resulted in a survey being made for a railroad from Canada to Alaska. Such a railroad is feasible from an engineering standpoint but cannot be justified economically at the present time. However, the southern part of it might be built by Canada for Canadian purposes and would serve to connect and strengthen the existing railway system of Canada. The line proposed would utilize the Pacific Great Eastern which now extends from Squamish to Quesnel. This line would be connected on the south with Vancouver by way of the Canadian Pacific Railway, and on the north would be extended to Prince George where it would intersect the Canadian National System. Thence it would extend northward to the headwaters of the Peace River at Finlay Forks whence a branch would turn eastward down the Peace River. The line to Alaska would extend north from there by way of Sifton Pass and the Pelly and Yukon rivers, entering Alaska near the headwaters of the Tanana and extending down that river to a junction with the Alaska Railroad near Fairbanks.

It should be borne in mind that the different regions of Alaska have different needs. What I have been talking about—the roads and railroads—benefit principally the interior of Alaska. Southeastern Alaska, on the other hand, is served by a magnificent network of navigable waterways. These great fiords thread the mountains of the southeastern panhandle in the same manner as Puget Sound and the waterways of the British Columbia coast thread and subdivide their mountains. The resources of southeastern Alaska—fisheries and pulp wood—can best be developed by utilizing the waterways. However, these waterways should be connected

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